By: Elkins

H.B. No. 3614

A BILL TO BE ENTITLED

1   AN ACT

2 relating to the procedure for the adoption of an ad valorem tax rate

3 by a taxing unit.

4   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5   SECTION 1. Section 26.01(d), Tax Code, is amended to read as

6 follows:

7   (d) The chief appraiser shall prepare and certify to the

8 assessor for each taxing unit a list of those properties of which

9 the chief appraiser has knowledge that are reasonably likely to be

10 taxable by that unit but that are not included on the appraisal roll

11 certified to the assessor under Subsection (a) or included on the

12 listing certified to the assessor under Subsection (c). The chief

13 appraiser shall include on the list for each property the market

14 value, appraised value, and kind and amount of any partial

15 exemptions as determined by the appraisal district for the

16 preceding year and a reasonable estimate of the market value,

17 appraised value, and kind and amount of any partial exemptions for

18 the current year. Until the property is added to the appraisal

19 roll, the assessor for the taxing unit shall include each property

20 on the list in the calculations prescribed by Sections 26.04 and

21 26.041[, and for that purpose shall use the lower market value,

22 appraised value, or taxable value, as appropriate, included on or

23 computed using the information included on the list for the

24 property].

1 SECTION 2. Sections 26.04(e) and (e-1), Tax Code, are
2 amended to read as follows:
3 (e) By August 7 or as soon thereafter as practicable, the
4 designated officer or employee shall submit the rates to the
5 governing body. The designated officer or employee [He] shall
6 deliver by mail to each property owner in the unit or publish in a
7 newspaper in the form prescribed by the comptroller:
8 (1) the effective tax rate, the rollback tax rate, and
9 an explanation of how they were calculated;
10 (2) the effective tax rate and the rollback tax rate
11 calculated without regard to Section 26.03;
12 (3) the difference between the amount of taxes that
13 would be imposed by the unit if the unit were to adopt a tax rate
14 equal to the effective tax rate as calculated with regard to Section
15 26.03 and the amount of taxes that would be imposed by the unit if
16 the unit were to adopt a tax rate equal to the effective tax rate
17 calculated without regard to that section;
18 (4) the estimated amount of interest and sinking fund
19 balances and the estimated amount of maintenance and operation or
20 general fund balances remaining at the end of the current fiscal
21 year that are not encumbered with or by corresponding existing debt
22 obligation;
23 (5) [(3)] a schedule of the unit's debt obligations
24 showing:
25 (A) the amount of principal and interest that
26 will be paid to service the unit's debts in the next year from
27 property tax revenue, including payments of lawfully incurred

1 contractual obligations providing security for the payment of the

2 principal of and interest on bonds and other evidences of

3 indebtedness issued on behalf of the unit by another political

4 subdivision and, if the unit is created under Section 52, Article

5 III, or Section 59, Article XVI, Texas Constitution, payments on

6 debts that the unit anticipates to incur in the next calendar year;

7   (B) the amount by which taxes imposed for debt

8 are to be increased because of the unit's anticipated collection

9 rate; [and]

10   (C) the total of the amounts listed in Paragraphs

11 (A)-(B), less any amount collected in excess of the previous year's

12 anticipated collections certified as provided in Subsection (b);

13   (D) the amount of the debt that was not approved

14 by the voters;

15   (E) the percentage of the debt that was not

16 approved by the voters;

17   (F) the amount of the debt service for the next

18 year that is for debt that was not approved by the voters; and

19   (G) the percentage of the debt service for the

20 next year that is for debt that was not approved by the voters;

21   (6) [(4)] the amount of additional sales and use tax

22 revenue anticipated in calculations under Section 26.041;

23   (7) [(5)] a statement that the adoption of a tax rate

24 equal to the effective tax rate would result in an increase or

25 decrease, as applicable, in the amount of taxes imposed by the unit

26 as compared to last year's levy, and the amount of the increase or

27 decrease;

1   (8) [(6)] in the year that a taxing unit calculates an
2   adjustment under Subsection (i) or (j), a schedule that includes
3   the following elements:

4   (A) the name of the unit discontinuing the
5   department, function, or activity;

6   (B) the amount of property tax revenue spent by
7   the unit listed under Paragraph (A) to operate the discontinued
8   department, function, or activity in the 12 months preceding the
9   month in which the calculations required by this chapter are made;
10   and

11   (C) the name of the unit that operates a distinct
12   department, function, or activity in all or a majority of the
13   territory of a taxing unit that has discontinued operating the
14   distinct department, function, or activity; and

15   (9) [(7)] in the year following the year in which a
16   taxing unit raised its rollback rate as required by Subsection (j),
17   a schedule that includes the following elements:

18   (A) the amount of property tax revenue spent by
19   the unit to operate the department, function, or activity for which
20   the taxing unit raised the rollback rate as required by Subsection
21   (j) for the 12 months preceding the month in which the calculations
22   required by this chapter are made; and

23   (B) the amount published by the unit in the
24   preceding tax year under Subdivision (8)(B) [(6)(B)].

25   (e-1) The notice requirements imposed by Subsections
26   (e)(1)-(8) [(e)(1)-(6)] do not apply to a school district.

27   SECTION 3. Section 26.05(a), Tax Code, is amended to read as

1 follows:

2   (a) The governing body of each taxing unit, before the later

3 of September 30 or the 60th day after the date the certified

4 appraisal roll is received by the taxing unit, shall adopt a tax

5 rate for the current tax year and shall notify the assessor for the

6 unit of the rate adopted. The tax rate consists of two components,

7 each of which must be approved separately. The components are:

8   (1) for a taxing unit other than a school district, the

9 rate that, if applied to the total taxable value, will impose the

10 total   amount   published   under   Section   26.04(e)(5)(C)

11 [26.04(e)(3)(C)], less any amount of additional sales and use tax

12 revenue that will be used to pay debt service, or, for a school

13 district,   the   rate   calculated   under   Section

14 44.004(c)(5)(A)(ii)(b), Education Code; and

15   (2) the rate that, if applied to the total taxable

16 value, will impose the amount of taxes needed to fund maintenance

17 and operation expenditures of the unit for the next year.

18   SECTION 4. The heading to Section 140.010, Local Government

19 Code, is amended to read as follows:

20   Sec. 140.010. PROPOSED PROPERTY TAX RATE NOTICE FOR CERTAIN

21 TAXING UNITS [COUNTIES AND MUNICIPALITIES].

22   SECTION 5. Section 140.010, Local Government Code, is

23 amended by amending Subsections (a), (b), (c), (d), (e), (f), and

24 (h) and adding Subsection (a-1) to read as follows:

25   (a) In this section:

26   (1) "Effective [, "effective] tax rate" and "rollback

27 tax rate" mean the effective tax rate and rollback tax rate of a

5

1 taxing unit [county or municipality, as applicable,] as calculated

2 under Chapter 26, Tax Code.

3   (2) "Taxing unit" has the meaning assigned by Section

4 1.04, Tax Code.

5   (a-1) This section applies to a taxing unit other than:

6   (1) a school district; or

7   (2) a district to which Section 49.236, Water Code,

8 applies.

9   (b) Except as provided by this subsection, each taxing unit

10 [county and municipality] shall provide notice of the taxing unit's

11 [county's or municipality's] proposed property tax rate in the

12 manner provided by this section. A taxing unit [county or

13 municipality] to which Section 26.052, Tax Code, applies may

14 provide notice of the taxing unit's [county's or municipality's]

15 proposed property tax rate in the manner provided by this section or

16 in the manner provided by Section 26.052, Tax Code.

17   (c) A taxing unit [county or municipality] that provides

18 notice of the taxing unit's [county's or municipality's] proposed

19 property tax rate in the manner provided by this section is exempt

20 from the notice and publication requirements of Sections

21 26.04(e), 26.052, and 26.06, Tax Code, as applicable, and is not

22 subject to an injunction for failure to comply with those

23 requirements.

24   (d) A taxing unit [county or municipality] that proposes a

25 property tax rate that does not exceed the lower of the effective

26 tax rate or the rollback tax rate shall provide the following

27 notice:

1 "NOTICE OF (INSERT CURRENT TAX YEAR) TAX YEAR PROPOSED PROPERTY TAX

2   RATE FOR (INSERT NAME OF <u>TAXING UNIT</u> [~~COUNTY OR MUNICIPALITY~~])

3 "A tax rate of $_____ per $100 valuation has been proposed by the

4 governing body of (insert name of <u>taxing unit</u> [~~county or~~

5 ~~municipality~~]).

6   PROPOSED TAX RATE $_____ per $100

7   PRECEDING YEAR'S TAX RATE $_____ per $100

8   EFFECTIVE TAX RATE $_____ per $100

9 "The effective tax rate is the total tax rate needed to raise the

10 same amount of property tax revenue for (insert name of <u>taxing unit</u>

11 [~~county or municipality~~]) from the same properties in both the

12 (insert preceding tax year) tax year and the (insert current tax

13 year) tax year.

14   "YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS

15   FOLLOWS:

16   property tax amount = (rate) x (taxable value of your property) /

17   100

18 "For assistance or detailed information about tax calculations,

19 please contact:

20   (insert name of [~~county or municipal~~] tax assessor-collector

21 <u>for taxing unit</u>)

22   (insert name of <u>taxing unit</u> [~~county or municipality~~]) tax

23 assessor-collector

24   (insert address)

25   (insert telephone number)

26   (insert e-mail address)

27   (insert Internet website address, if applicable)"

1   (e) A taxing unit [county or municipality] that proposes a

2   property tax rate that exceeds the lower of the effective tax rate

3   or the rollback tax rate shall provide the following notice:

4   "NOTICE OF (INSERT CURRENT TAX YEAR) TAX YEAR PROPOSED PROPERTY TAX

5   RATE FOR (INSERT NAME OF TAXING UNIT [COUNTY OR MUNICIPALITY])

6   "A tax rate of $_____ per $100 valuation has been proposed for

7   adoption by the governing body of (insert name of taxing unit

8   [county or municipality]). This rate exceeds the lower of the

9   effective or rollback tax rate, and state law requires that two

10 public hearings be held by the governing body before adopting the

11 proposed tax rate.

12   PROPOSED TAX RATE $_____ per $100

13   PRECEDING YEAR'S TAX RATE $_____ per $100

14   EFFECTIVE TAX RATE $_____ per $100

15   ROLLBACK TAX RATE $_____ per $100

16 "The effective tax rate is the total tax rate needed to raise the

17 same amount of property tax revenue for (insert name of taxing unit

18 [county or municipality]) from the same properties in both the

19 (insert preceding tax year) tax year and the (insert current tax

20 year) tax year.

21 "The rollback tax rate is the highest tax rate that (insert name of

22 taxing unit [county or municipality]) may adopt before voters are

23 entitled to petition for an election to limit the rate that may be

24 approved to the rollback rate.

25 "YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS

26   FOLLOWS:

27 property tax amount = (rate) x (taxable value of your property) /

1   100

2   "For assistance or detailed information about tax calculations,

3   please contact:

4   (insert name of [~~county or municipal~~] tax assessor-collector

5   for taxing unit)

6   (insert name of taxing unit [~~county or municipality~~]) tax

7   assessor-collector

8   (insert address)

9   (insert telephone number)

10   (insert e-mail address)

11   (insert Internet website address, if applicable)

12 "You are urged to attend and express your views at the following

13 public hearings on the proposed tax rate:

14   First Hearing: (insert date and time) at (insert location of

15 meeting).

16   Second Hearing: (insert date and time) at (insert location

17 of meeting)."

18   (f) A taxing unit [~~county or municipality~~] shall:

19   (1) provide the notice required by Subsection (d) or

20 (e), as applicable, not later than the later of September 1 or the

21 30th day after the date the certified appraisal roll is received by

22 the taxing unit by:

23   (A) publishing the notice in a newspaper having

24 general circulation in:

25   (i) the county, in the case of notice

26 published by a county; or

27   (ii) the county in which the taxing unit

1 [municipality] is located or primarily located, in the case of

2 notice published by a taxing unit other than a county

3 [municipality]; or

4   (B) mailing the notice to each property owner

5 in[÷

6   [(i)] the taxing unit [county, in the case

7 of notice provided by a county; or

8   [(ii) the municipality, in the case of

9 notice provided by a municipality]; and

10   (2) post the notice on the Internet website of the

11 taxing unit [county or municipality], if applicable, beginning not

12 later than the later of September 1 or the 30th day after the date

13 the certified appraisal roll is received by the taxing unit and

14 continuing until the taxing unit [county or municipality] adopts a

15 tax rate.

16   (h) A taxing unit [county or municipality] that provides

17 notice under this section shall on request provide any information

18 described by Sections 26.04(e)(1)-(9) [26.04(e)(1)-(7)], Tax Code,

19 regarding the taxing unit [county or municipality, as applicable].

20   SECTION 6. (a) The change in law made by this Act applies to

21 the ad valorem tax rate of a taxing unit beginning with the 2015 tax

22 year, except as provided by Subsection (b) of this section.

23   (b) If the governing body of a taxing unit adopted an ad

24 valorem tax rate for the taxing unit for the 2015 tax year before

25 the effective date of this Act, the change in law made by this Act

26 applies to the ad valorem tax rate of that taxing unit beginning

27 with the 2016 tax year, and the law in effect when the tax rate was

1 adopted applies to the 2015 tax year with respect to that taxing
2 unit.

3   SECTION 7.   This Act takes effect immediately if it receives
4 a vote of two-thirds of all the members elected to each house, as
5 provided by Section 39, Article III, Texas Constitution.   If this
6 Act does not receive the vote necessary for immediate effect, this
7 Act takes effect on the 91st day after the last day of the
8 legislative session.